



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

**Date:** 3/23/2006

**GAIN Report Number:** IT6018

## Italy

### Fresh Deciduous Fruit

### Stone Fruit Annual

### 2006

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**Report Highlights:**

Italian production of peaches and nectarines in 2005 was down by about 4% from 2004. Despite the reduced production, abundant availability in other EU countries undermined Italian export performance and ensured surpluses, which resulted in market prices below farmers' production costs, causing the worst crisis in years for the sector.

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Includes PSD Changes: Yes

Includes Trade Matrix: Yes

Annual Report

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## Production

Italian production of peaches and nectarines in 2005, at 1.55 million tons, is down approximately 4% from the previous campaign and below the 2000-2004 average. The low production volumes are primarily due to lower yields for nectarines, especially late varieties, while peach production remained in line with 2004 production levels. Quality and size of the fruit have remained generally satisfactory. Ripening of early varieties was about a week later than expected, causing a concentration of supply during the peak period in mid-July. Markets had difficulty absorbing the bulge in production, resulting in a sharp decrease in price.

The long-term trend for Italian peach and nectarine production is negative. Planted area is shrinking in response to decreasing exports, falling domestic consumption and the resultant low domestic market prices. According to industry sources, Italian producers experience marketing problems when EU supplies of peaches and nectarines exceed 3.6-3.8 million tons, as was the case in 2005.

In the last decade, the nectarine production area in Italy has extended from the traditional region in the center-north, mainly Emilia-Romagna, to southern regions where the climate is milder. As a result, Italian producers compete directly with Spanish and Greek producers in the early production supply to the EU market. Most summer fruit and horticultural production face similar problems. Last summer southern farmers protested the lack of Italian competitiveness in the global market (see GAIN IT5030).

## Consumption

Italian consumption of fresh fruit and vegetables has declined over the last 4-5 years, and fresh peaches and nectarines are no exception. Reduced "at home" consumption has only been offset in part by increases in restaurant and catering consumption. The industry estimates that the volume of domestic consumption in June and July 2005 was down by about 18% from the previous year.

## Trade

Imports, comprised mainly of early season products from Spain, are increasing but volume and value remain limited. Exports, which represent approximately 25% of domestic production, are generally stable. Northern European countries are the main destination for Italian stone fruit exports.

## Policy

According to industry estimates, the annual cost per hectare of running a peach or nectarine orchard, including labor, insurance and taxes is between 13,000 and 14,000 euros (6,200 – 6,800 dollars per acre). This results in a per kilo cost to the farmer of about 0.33-0.45 euros (0.4-0.55 dollars per kilo), which in many cases is above the farm gate price.

The Italian government has been trying to limit over-production by helping producers aggregate production and marketing activities. The upcoming reform of the EU Common Market Organization for horticultural products could also bring news for Italian farmers. The share of product controlled by EU-promoted Producers' Organizations (POs) in Italy is still limited compared to other countries.

## Marketing

Starting March 1, 2005 Italy implemented EU Regulation CE 1861/2004, which lays down stricter marketing standards for peaches and nectarines. The full text of the regulation is available at:

[http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/oj/2004/L\\_325/L\\_32520041028en00100016.pdf](http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/oj/2004/L_325/L_32520041028en00100016.pdf)

## PSD Table

### PSD Table

Country	Italy					
Commodity	Fresh Peaches & Nectarines (HA)(1000 TREES)(MT)					
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [	Estimate[1]	USDA Official [	Estimate[1]	USDA Official [	Estimate[New]
Market Year Begin	01/2005		01/2006		01/2007	MM/YYYY
Area Planted	95000	97647	94000	95189	0	94000 (HA)
Area Harvested	88000	89867	87000	87336	0	86000 (HA)
Bearing Trees	0	0	0	0	0	0 (1000 TRE
Non-Bearing Trees	0	0	0	0	0	0 (1000 TRE
Total Trees	0	0	0	0	0	0 (1000 TRE
Commercial Production	1672000	1608100	1653000	1550000	0	1530000 (MT)
Non-Comm. Production	24000	48242	0	25080	0	30000 (MT)
TOTAL Production	1696000	1656342	1653000	1575080	0	1560000 (MT)
TOTAL Imports	46000	46407	46000	59580	0	60000 (MT)
TOTAL SUPPLY	1742000	1702749	1699000	1634660	0	1620000 (MT)
Domestic Fresh Consum	1291000	1239328	1261000	1156992	0	1139000 (MT)
Exports, Fresh Only	405000	407421	400000	421668	0	425000 (MT)
For Processing	24000	24000	23000	24000	0	24000 (MT)
Withdrawal From Market	22000	32000	15000	32000	0	32000 (MT)
TOTAL UTILIZATION	1742000	1702749	1699000	1634660	0	1620000 (MT)

## Import Matrix

**Commodity** Fresh Peaches & NectarineTime Period  Units: Imports for:  U.S.  U.S. 

Others Others

Spain	34533	Spain	47638
France	8049	France	8050
UK	1646	UK	1704
Germany	592	Germany	220

Total for Others 44820 57612

Others not Listed  

Grand Total 46407 59800

## Export matrix

**Export Trade Matrix****Country** Italy**Commodity** Fresh Peaches & NectarineTime Period  Units: Exports for:  U.S.  U.S. 

Others Others

Germany	187765	Germany	171877
UK	52972	UK	54804
Switzerland	17562	Switzerland	18643
Austria	22135	Austria	20187
Poland	19393	Poland	26770
Czech Rep.	13494	Czech Rep.	18080
Denmark	12824	Denmark	12545
Russia	6847	Russia	10150
Croatia	5819	Croatia	5819
Slovenja	3768	Slovenja	9771

Total for Others 342579 348646

Others not Listed  

Grand Total 407421 421668